



European Securities and
Markets Authority

Response Form to the Consultation Paper

Guidelines for reporting under Articles 4 and 12 SFTR



Responding to this paper

ESMA invites comments on all matters in this paper and in particular on the specific questions summarised in Annex III. Comments are most helpful if they:

- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives ESMA should consider.

ESMA will consider all comments received by **29 July 2019**.

All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input - Consultations'.

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

1. Insert your responses to the questions in the Consultation Paper in the present response form.
2. Please do not remove tags of the type <ESMA_QUESTION_RSFTTR_1>. Your response to each question has to be framed by the two tags corresponding to the question.
3. If you do not wish to respond to a given question, please do not delete it but simply leave the text "TYPE YOUR TEXT HERE" between the tags.
4. When you have drafted your response, name your response form according to the following convention: ESMA_RSFTTR_nameofrespondent_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA_RSFTTR_ABCD_RESPONSEFORM.
5. Upload the form containing your responses, in Word format, to ESMA's website (www.esma.europa.eu under the heading "Your input – Open consultations" → "Consultation on Position limits and position management in commodities derivatives").

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading [Legal Notice](#).

Who should read this paper

All interested stakeholders are invited to respond to this consultation. In particular, responses are sought from financial and non-financial counterparties to securities financing transactions, tri-party agents, agent lenders, central counterparties (CCPs) and trade repositories (TRs), as well as from all the authorities having access to the TR data.

General information about respondent

Name of the company / organisation	STATE STREET BANK & TRUST CO
Activity	Banking sector
Are you representing an association?	<input type="checkbox"/>
Country/Region	UK

Introduction

Please make your introductory comments below, if any

<ESMA_COMMENT_RSFTTR_1>

This submission represents the views of the the Securities Finance division of State Street Global Markets.

State Street Securities Finance operates a large agency lending programme and is also a principal borrower and lender of securities through its Enhanced Custody business.

State Street is a member of both the International Securities Lending Association (“ISLA”) and the International Capital Markets Association (“ICMA”) and has contributed to the responses submitted by both of these industry associations.

State Street shares the concern of these industry bodies and others regarding the implementation timeframes for SFTR given that final clarity around a number of issues raised with ESMA will not be published and known until Q4 2019, giving firms only a narrow window of opportunity in which to make significant technology and operating model changes to meet the first reporting deadline in April 2020.

<ESMA_COMMENT_RSFTTR_1>

Questions

Q1 : Do you agree with the above assessment? Are there any other transactions for which clarification is needed? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_1>

Yes, State Street agrees. No further clarification is needed.

<ESMA_QUESTION_RSFTTR_1>

Q2 : Do you agree with the approach set out for reporting of SFTs under Article 4 of SFTR as detailed above? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_2>

Yes.

<ESMA_QUESTION_RSFTTR_2>

Q3 : Do you agree with the approach for reporting repos and reverse repos as detailed in this section? Please detail the reasons for your response

<ESMA_QUESTION_RSFTTR_3>

Yes.

<ESMA_QUESTION_RSFTTR_3>

Q4 : Are there any other types of repos and reverse repos transactions for which reporting needs to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_4>

No.

<ESMA_QUESTION_RSFTTR_4>

Q5 : Are there any other aspects on reporting of master agreements or other elements of BSB/SBB that need to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_5>

No comment.

<ESMA_QUESTION_RSFTTR_5>

Q6 : Do you foresee any issues relating to the non-availability of information on the counterparties and the securities by T+1? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_6>

Yes, borrowing counterparties are dependent on third parties such as agent lenders to provide information that is required to meet their SFTR reporting obligations.

<ESMA_QUESTION_RSFTTR_6>

Q7 : To what extent the SFTs that are cancelled and replaced bear price-forming information, i.e. does the cancellation imply an additional fee or price charged? If so,

how can this information be better included in the reports? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_7>

No comment.

<ESMA_QUESTION_RSFTTR_7>

Q8 : Which approach would you favour in terms of reporting cash-driven SLB? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_8>

No additional comment, State Street agrees with the view of ISLA. Cash driven SLBs should be reported using the Repo template but referencing a GMSLA as the master agreement.

<ESMA_QUESTION_RSFTTR_8>

Q9 : Do you agree with the proposal with regards to reporting of SFTs involving commodities? What other aspects should be clarified with regards to these SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_9>

No comment with regard to commodities.

<ESMA_QUESTION_RSFTTR_9>

Q10 : Are there any aspects that need to be clarified with regards to this type of SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_10>

No comment with regard to energy (REMIT).

<ESMA_QUESTION_RSFTTR_10>

Q11 : Do you agree with the proposal with regards to reporting of margin lending? What other aspects should be clarified with regards to these SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_11>

No comment with regard to margin lending.

<ESMA_QUESTION_RSFTTR_11>

Q12 : Having in mind that position reporting of CCP-cleared SFTs is optional only when transaction-level reporting was made in accordance with paragraph 84, do you believe that additional clarifications need to be provided by ESMA? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_12>

No comment with regard to CCP-cleared SFTs.

<ESMA_QUESTION_RSFTTR_12>

Q13 : Do you agree with the approach regarding allocation of responsibility with regards to SFTs concluded between TC-FC and EU SME-NFC? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_13>

Yes, however this may lead SME-NFCs to avoid executing SFTs with TC-FCs without equivalence if they are not in a position to report themselves or delegate.

<ESMA_QUESTION_RSFTTR_13>

Q14 : Do you agree with the approach regarding allocation of responsibility with regards to UCITS management company and AIFM, established in third country? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_14>

Yes, for UCITS the fund manager will always be in the EU and will be responsible for SFTR reporting. AIFMs that are non-EU will report if required by national rules otherwise the AIF itself will be responsible.

<ESMA_QUESTION_RSFTTR_14>

Q15 : Do you agree with the approach for determining conclusion of SFTs by EU branches of non-EU entities? Are there any other instances in addition to the ones in paragraph 102 that would need to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_15>

State Street endorses the views and detailed comments made by ICMA concerning branches and the complications caused by the inconsistency of approach between EMIR and SFTR in this regard.

<ESMA_QUESTION_RSFTTR_15>

Q16 : Is the proposed guidance for determining whether an SFT conducted by a branch needs to be reported clear and comprehensive? Which areas require further clarification? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_16>

Yes, table 1 on page 28 is clear.

<ESMA_QUESTION_RSFTTR_16>

Q17 : Is the proposed guidance for reporting of intragroup SFTs clear and comprehensive? Which areas require further clarification? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_17>

Yes, intragroup (intercompany) SFTs between entities of the same group but with different LEIs are reportable under SFTR. Transfers of securities within the same legal entity are not reportable.

<ESMA_QUESTION_RSFTTR_17>

Q18 : Do you agree with the approach for reporting by NFCs? Is there any additional aspect relating to reporting by NFCs that needs to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_18>

Yes.

<ESMA_QUESTION_RSFTTR_18>

Q19 : Do you agree with the proposal for reporting conclusion of SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_19>

No, only genuine errors should be reported using the action type “EROR”. Agent lenders may reallocate SFTs between funds after execution but before settlement as result of a fund selling the asset subject to the SFT. This means the SFT for the selling client may not be completed (settled) due to client behaviour rather than as a result of an error. SFTs subject to full reallocations should be terminated via the “ETRM” action type. SFTs subject to part reallocations should be modified via the “MODI” action type. All new SFTs resulting from reallocation activity would be reported using the “NEWT” action type.

<ESMA_QUESTION_RSFTTR_19>

Q20 : Do you agree with the proposal for reporting modifications to SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_20>

Yes, State Street agrees that modifications should not be reported until after they actually take place. State Street would find it helpful if ESMA could provide guidance as to how firms should report back-dated modifications. It is common for the counterparties to a SFT to bilaterally agree to re-rate a transaction with an effective date in the past. In such scenarios would firms be required to resubmit reports for all subsequent activities from the effective date of the back-dated modification.

<ESMA_QUESTION_RSFTTR_20>

Q21 : Do you agree with the proposal for reporting collateral updates to SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_21>

Yes, only settled/received collateral should be reported.

<ESMA_QUESTION_RSFTTR_21>

Q22 : Do you have any issues with reporting in a timely manner valuation, margin and reuse updates pertaining to SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_22>

No issues have been identified. The valuation, margin and reuse updates are all reportable on effective date plus one.

<ESMA_QUESTION_RSFTTR_22>

Q23 : Do TRs require additional guidance in relation to how reports submitted by the entities mentioned in Article 2(2) and (3) of SFTR should be treated and the

relevant procedures to follow? If so please confirm where further guidance is required.

<ESMA_QUESTION_RSFTTR_23>

No comment – TRs to respond.

<ESMA_QUESTION_RSFTTR_23>

Q24 : Do you agree with the proposed rules for reporting of field 1.17? Are there any other instances that would need to be clarified? Please detail the reasons for your answer.

<ESMA_QUESTION_RSFTTR_24>

T Yes, no further clarification required.

<ESMA_QUESTION_RSFTTR_24>

Q25 : Do you consider proposal A or proposal B to be the most efficient way to ensure that details of SFTs are reported accurately, and why? What would be the costs and benefits of each approach? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_25>

Option A is preferable. If fields that have not changed are left blank as per proposal B then the TR will not be able to determine when the required change is to alter a populated field to blank i.e. when a termed SFT with a maturity date moves to open with the removal of that date.

<ESMA_QUESTION_RSFTTR_25>

Q26 : Do you agree with the sequences proposed? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_26>

Yes, in general. Further guidance required with regard to how a reporting counterparty could reinstate a SFT that has been incorrectly reported as an error (“EROR”).

<ESMA_QUESTION_RSFTTR_26>

Q27 : Do you agree with the proposed mapping between business events and action types? Are there any additional business events that should be included? Please detail the reasons for your answer.

<ESMA_QUESTION_RSFTTR_27>

State Street agrees with the proposals in most cases.

Table 5 suggests that ETRM should be used in the case of a settlement fail. This would only be the case if the settlement fail were permanent and the SFT was to be terminated as a result and closed using an ETRM or an EROR. Temporary settlement fails do not need to be terminated or closed out as they are active SFTs that have settled after their original intended settlement date.

Table 5 suggests that EROR action types should be used for changes of allocation ahead of settlement. State Street believes that changes to allocations prior to settlement are not errors so should not be reported via the EROR action type - the recommendation would be to use ERTM.

<ESMA_QUESTION_RSFTTR_27>

Q28 : Are there any other relationships that would need to be defined? If so, please detail which ones.

<ESMA_QUESTION_RSFTTR_28>

ISLA and ICMA have produced documents detailing all relationships across the securities lending and repo industries. State Street contributed to these documents and endorses them.

<ESMA_QUESTION_RSFTTR_28>

Q29 : Is there any aspect not covered by the ITS on reporting that would require further clarification? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_29>

No.

<ESMA_QUESTION_RSFTTR_29>

Q30 : Do you agree with the proposed approach for reporting of counterparty side in the case of CCP-cleared SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_30>

No comment.

<ESMA_QUESTION_RSFTTR_30>

Q31 : Do you agree with the proposed approach to determine which side of a transaction is the collateral provider and which is the collateral taker for unsecured lending/borrowing of securities? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_31>

Yes, State Street agrees.

<ESMA_QUESTION_RSFTTR_31>

Q32 : Please indicate how frequently is a haircut, margin or any other type of discount/add-on, applied to the loan side of SLB?

<ESMA_QUESTION_RSFTTR_32>

Margin is added to the loan side of most SLB SFTs; in State Street's case all of them. Loan values for cash trades tend to include the margin. Loan values for non-cash trades tend not to include the margin but the margin is added to the collateral provided. Collateral margins may vary depending on the security being provided as collateral i.e. a SFT may be collateralized at a minimum of 105%, if bonds are provided as collateral then 5% would be required but equities as collateral would require an additional amount – 10% for example.

<ESMA_QUESTION_RSFTTR_32>

Q33 : Do you agree with the proposed approach? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_33>

The guidance seems to be contradictory with regard to those fields that should be inclusive and exclusive of margin etc. Some detailed examples of how to report cash, non-cash and cash pool SFTs would be helpful.

<ESMA_QUESTION_RSFTTR_33>

Q34 : Do you agree with the proposed approach? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_34>

Please refer to questions 32 and 33.

<ESMA_QUESTION_RSFTTR_34>

Q35 : Do you agree with the proposed approach on timing and use of FX rates? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_35>

Closing prices of the previous business day will be used in all markets except the APAC region where the time difference allows same-day closing prices to be used.

ESMA should be aware that firms will use different prices vendors and FX rates hence loan and market values for non-cash collateral SFTs will not match exactly. Paragraph 158 gives the impression that everything should align and fixes applied where discrepancies exist but that is not the case. Small discrepancies will exist in most cases.

<ESMA_QUESTION_RSFTTR_35>

Q36 : Does ESMA need to provide additional guidance on the reporting of the valuation fields? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_36>

No further guidance required.

<ESMA_QUESTION_RSFTTR_36>

Q37 : Do you have any remarks concerning the reporting of CFI? What other aspects need to be clarified to ensure that reporting is consistently performed? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_37>

Please confirm that the “official source” for CFI codes is ANNA.

In the event the CFI is not available from the official source please could ESMA confirm that counterparties are expected to derive the code based on the description outlined in paragraph 163?

<ESMA_QUESTION_RSFTTR_37>

Q38 : Do you agree with the approach for back-loading? What other aspects have to be considered to make the reporting of backloaded SFTs more efficient for counterparties and TRs, i.e. the costs of this approach are minimised and also the usefulness of the reports submitted going forward is maximised? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_38>

State Street agrees that both options should be available to all counterparties. Option 1 being the backloading of SFTs between RSD+180 & RSD+190 and option 2 being the reporting of all open and new SFTs on and from RSD+0.

The phased implementation of SFTR and the adoption of differing approaches to backloading will result in data inconsistencies across SFTs and collateral until such time as all implementation phases and all backloading exercises have been concluded.

<ESMA_QUESTION_RSFTTR_38>

Q39 : What other aspects with regards to the UTI have to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_39>

Further clear guidance would be helpful for firms such as borrowers to know how to manage situations where they are dependent on a third-party data supplier, such as an agent lender, for data such as UTIs and this is not provided in a timely manner.

<ESMA_QUESTION_RSFTTR_39>

Q40 : Are there any other instances that need to be clarified? Please elaborate on the reasons for your response.

<ESMA_QUESTION_RSFTTR_40>

No further clarification is required around beneficiaries.

<ESMA_QUESTION_RSFTTR_40>

Q41 : Please provide the relative volume of transactions for which issuer's LEI (of securities used as collateral) or ISIN is not available in principle.

<ESMA_QUESTION_RSFTTR_41>

Data has been collated in respect of LEIs by trade associations such as ISLA and the tri-party collateral agents who manage much of the industry's collateral. It would be helpful to understand what firms should do in the event that any market reference data elements (LEI, ISIN, CFI etc.) are not available. Unless these fields are made optional thereby allowing firms to leave unpopulated where data does not exist State Street would recommend the use of generic "dummy" identifiers as is recommended for dates (dummy date = "9999-12-31") in certain circumstances as per paragraph 293.

<ESMA_QUESTION_RSFTTR_41>

Q42 : Do you agree with this approach? What other aspects need to be considered? Please elaborate on the reasons for your response.

<ESMA_QUESTION_RSFTTR_42>

Yes, State Street agrees. As per Q38 data inconsistencies will exist when firms report at different times.

<ESMA_QUESTION_RSFTTR_42>

Q43 : Do you believe there are other use cases that need to be further defined in this subsection? Do you agree with the applicability of those use cases to the different types of SFTs as outlined above? Please detail the reasons for your answers.

<ESMA_QUESTION_RSFTTR_43>

No, the use cases in Table 6 encompass the SFT activity currently conducted by State Street. Yes, State Street agrees with the applicability of the use cases to the types of SFT. The use case detailed in Table 26 that considers the delegation of reporting by a UCITS management company to a third-party should also be referenced in Table 6.

<ESMA_QUESTION_RSFTTR_43>

Q44 : Do you agree with the population of the counterparty data fields? Please detail the reasons for your response and indicate the table to which your comments refer.

<ESMA_QUESTION_RSFTTR_44>

Yes, State Street agrees with the counterparty data fields. Please could ESMA confirm that in situations where the reporting counterparty holds its assets at a custodian bank then the field identifying the CSD participant will always indicate the LEI of the custodian bank?

<ESMA_QUESTION_RSFTTR_44>

Q45 : Do you agree with the approach to reporting action types? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_45>

Yes, State Street agrees with the reporting action types. Further examples of the COLU action type including the recently added agent lender and tri-party agent fields would be helpful.

<ESMA_QUESTION_RSFTTR_45>

Q46 : Do you agree with the approach to reporting event date? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_46>

Yes, State Street agrees with the reporting of event date. It is State Street's understanding that the NEWT action type will identify the future intended settlement date of the SFT as value date and any MODI and ETRM action types will identify the actual modification or termination event date after the action has happened/settled.

<ESMA_QUESTION_RSFTTR_46>

Q47 : Do you agree with the approach to reporting clearing? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_47>

No comment.

<ESMA_QUESTION_RSFTTR_47>

Q48 : Do you agree with the approach to reporting trading venue field? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_48>

Yes, State Street agrees with the approach to trading venue.

<ESMA_QUESTION_RSFTTR_48>

Q49 : Do you have any remarks or questions concerning the reporting of master agreements? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_49>

No.

<ESMA_QUESTION_RSFTTR_49>

Q50 : Do you agree with the approach to reporting conclusion and beginning of an SFT? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_50>

Yes, State Street agrees.

<ESMA_QUESTION_RSFTTR_50>

Q51 : Do you agree with the approach to reporting term of the SFT? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_51>

Yes, State Street agrees with the approach to reporting term.

<ESMA_QUESTION_RSFTTR_51>

Q52 : Do you see any issues with the approach to reporting termination optionality? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_52>

No.

<ESMA_QUESTION_RSFTTR_52>

Q53 : Which of these approaches do you favour for reporting general and specific collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_53>

The definition of field 2.18 seems clear enough however the references in the consultation paper to distinguishing between cash-driven & security-driven transactions and the use of GC facilities complicates matters. State Street would recommend the following:

Unpopulated Field – for uncollateralized SLB where field 2.72 is “TRUE”.

SPEC - where the collateral receiver & giver agree specific collateral securities with ISINs such as single stock repos or a collateral basket with an identifiable ISIN.

GENE – used in all other instances. Contrary to paragraph 264 (b) GENE would be the default option for securities lending in most cases.

<ESMA_QUESTION_RSFTTR_53>

Q54 : Do you agree with the approach to reporting collateral arrangements? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFR_54>

State Street agrees with the approach to reporting collateral arrangements. Please could ESMA confirm that collateral/cash exchanged via the Euroclear UK (Crest) DBV mechanism is not considered to be tri-party collateral as no tri-party agreement need exist for counterparties to use the DBV facility.

<ESMA_QUESTION_RSFR_54>

Q55 : Do you agree with the approach to reporting fixed and floating rates of SFTs? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFR_55>

No comment.

<ESMA_QUESTION_RSFR_55>

Q56 : Do you see any issues with the approach to reporting repo and BSB/SBB principal amounts? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFR_56>

No comment.

<ESMA_QUESTION_RSFR_56>

Q57 : Do you agree with the approach regarding reporting fields 2.51 and 2.90? Please elaborate on the reasons for your response.

<ESMA_QUESTION_RSFR_57>

No. In the absence of an official source for counterparties to determine security/collateral quality the determination of quality is a subjective exercise, the results of which will depend on the ratings of the credit agencies used by each counterparty. This will lead to justifiable differences between counterparties when reporting the security quality held in their own books & records. State Street does not support the proposal to report the lower rating when differences with counterparties exist as this will lead to the same security having a different quality rating depending on the counterparty to the SFT where State Street agrees the quality rating with one counterparty but has to the lower its rating for that same security with another counterparty with whom it disagrees on security quality.

<ESMA_QUESTION_RSFR_57>

Q58 : Do you agree with the approach to reporting securities on loan? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFR_58>

Yes, State Street agrees with the approach to reporting securities on loan. Please could ESMA confirm that the currency of nominal field (2.48) should be left unpopulated when field 2.46 is a quantity (number of shares) and not a nominal? Table 75 has introduced some confusion as it details an equity SFT with a currency of nominal.

<ESMA_QUESTION_RSFR_58>

Q59 : Do you agree with the approach to reporting SFTs involving commodities? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_59>

No comment.

<ESMA_QUESTION_RSFTTR_59>

Q60 : Do you agree with the approach to reporting cash rebate SLBs? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_60>

Yes, State Street agrees with the reporting of cash rebate in general. Cash rebate SLBs do not have defined payment frequencies (every week for example). Rebate payments can be made during the re-pricing of contract values which occurs on an ad hoc basis depending on price fluctuations or during the standard monthly fee reconciliation and billing exercise. State Street would recommend using 1 month for fields 2.62 & 2.63 as this is when most payments are made.

<ESMA_QUESTION_RSFTTR_60>

Q61 : Do you agree with the approach to reporting non-cash collateral SLBs? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_61>

Yes, State Street agrees with the approach for reporting non-cash SLBs. Cash pool SFTs would have to be reported this way as cash pool trades have a lending fee.

<ESMA_QUESTION_RSFTTR_61>

Q62 : Do you agree with the approach to reporting margin loan data? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_62>

No comment.

<ESMA_QUESTION_RSFTTR_62>

Q63 : Do you agree with the approach to reporting collateralisation? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_63>

Yes, State Street agrees with the approach to reporting collateralisation. It is clear that for SFTs collateralised at the net exposure level, no UTI is required.

<ESMA_QUESTION_RSFTTR_63>

Q64 : Do you agree with the approach to reporting cash collateral? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_64>

Yes, State Street agrees with the approach to reporting cash collateral.

<ESMA_QUESTION_RSFTTR_64>

Q65 : Do you agree with the proposed approach? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_65>

Yes, State Street agrees with the approach to the security collateral fields. The collateral market value, where applicable, should include all settled (not pending) collateral received before any haircut is applied.

<ESMA_QUESTION_RSFTTR_65>

Q66 : Do you agree with the proposed approach for calculating collateral haircuts or margin? Please provide justification for your response.

<ESMA_QUESTION_RSFTTR_66>

State Street understands that margin is usually applied on the loan side i.e. a 5% margin would see the market value of the lent securities increase by 5% and haircut is applied to the collateral side i.e. a 2% haircut would see the collateral securities reduced in value by 2%. In both cases the results are broadly similar i.e. the value of the collateral is more than the value of the lent securities.

<ESMA_QUESTION_RSFTTR_66>

Q67 : Do you agree with the proposed approach for reporting collateral type field? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_67>

The collateral types proposed are not readily available to firms from recognised market reference data vendors. Firms will need to determine the collateral type for every security using a methodology involving SFTR, the FSB standards, the Basel III standardized approach and the definition of main indices under CRR. This is not an insignificant challenge for the industry which will already be providing ISINs, LEIs and security quality for each security. It is highly likely that the subjective determining of data points will lead to differences between counterparties where differing methodologies are employed – see comments for Q57 regarding security quality.

<ESMA_QUESTION_RSFTTR_67>

Q68 : Do you agree with the proposed approach for reporting Availability for collateral reuse? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_68>

State Street agrees with the approach for reporting “Availability of collateral re-use”. The ability to re-use should be based upon contractual & regulatory constraints and not operational or technical limitations.

<ESMA_QUESTION_RSFTTR_68>

Q69 : Do you agree with the proposed approach for reporting fields Identification of security and LEI of issuer? Are you aware of instances where securities provided as collateral do not have an ISIN? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_69>

It is evident from much of the data produced across the industry that a significant number of securities do not have LEIs. If firms are unable to execute SFTs over securities without LEIs or use them as collateral then this will significantly impact a firm's ability to hedge positions, diversify risk and cover shorts while also having an impact on the market liquidity of those securities. In addition, if a LEI for a security lapses then net collateral reports (COLUs) containing hundreds of securities will fail validation because of that one missing LEI. In line with our comments for Q41, State Street would recommend the use of field optionality and/or a generic "dummy" identifier to be used only when a LEI does not exist. State Street is not aware of many instances where securities provided as collateral do not have ISINs, it is LEIs that are the major problem.

<ESMA_QUESTION_RSFTTR_69>

Q70 : Do you agree with the proposed approach for reporting plain vanilla bonds as collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_70>

Yes, State Street agrees with the approach for reporting plain vanilla bonds as collateral.

<ESMA_QUESTION_RSFTTR_70>

Q71 : Do you agree with the proposed approach for reporting perpetual bonds as collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_71>

Yes, State Street agrees with the approach for reporting plain perpetual bonds as collateral.

<ESMA_QUESTION_RSFTTR_71>

Q72 : Do you agree with the proposed approach for reporting main index equities as collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_72>

Yes, State Street agrees with the approach for reporting main-index equities as collateral.

<ESMA_QUESTION_RSFTTR_72>

Q73 : Do you agree with the proposed approach for reporting variation margining with additional provision of securities by the collateral provider? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_73>

State Street endorses the views and detailed comments made by ICMA concerning variation margin with additional provision of securities by the collateral provider.

<ESMA_QUESTION_RSFTTR_73>

Q74 : Do you agree with the proposed approach for reporting variation margining with return of the same securities to collateral provider? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_74>

Yes, see response for Q73.

<ESMA_QUESTION_RSFTTR_74>

Q75 : Do you agree with the proposed approach for reporting variation margining with return of different securities to the collateral provider? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_75>

Yes, see response for Q73.

<ESMA_QUESTION_RSFTTR_75>

Q76 : Do you agree with the proposed approach for reporting prepaid collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_76>

No, State Street does not agree with the approach for pre-paid collateral. Pre-pays of collateral are determined by the market of the security being lent and the duration of the pre-pay may vary. It is often one day prior to the intended settlement of the SFT but can be more. It is not possible therefore to associate collateral with a particular subset of SFTs and not others using just the value date of the collateral and the intended settlement date (value date) of the SFT. Each SFT would need a collateral settlement date to achieve this. Pre-pays could be identified in situations where a collateral settlement date is before the intended settlement date (value date) of the SFT. All SFTs with the same collateral date could then be compared to the collateral received on that date to determine and monitor exposure.

<ESMA_QUESTION_RSFTTR_76>

Q77 : Do you agree with the proposed approach for reporting portfolio code? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_77>

Yes, State Street agrees with the approach for reporting portfolio code.

<ESMA_QUESTION_RSFTTR_77>

Q78 : Do you agree with the approach to reporting margin data? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_78>

No comment.

<ESMA_QUESTION_RSFTTR_78>

Q79 : Do you have any comments on the scope of the non-cash collateral re-use measure, and are there practical obstacles to the reporting? In the case of margin lending, do you agree with the exclusion of securities that cannot be transferred to the prime broker's account due to rehypothecation limits agreed contractually?

<ESMA_QUESTION_RSFTTR_79>

State Street does not agree with the comment in paragraph 365 that states that "market participants do not usually distinguish between their own assets and the collateral they have received from counterparties".

Securities borrowed in SFTs are not collateral and therefore should not be in scope of the collateral re-use measure.

The need to include own assets in the re-use formula will almost certainly deter any firm from delegating re-use to another firm.

<ESMA_QUESTION_RSFTTR_79>

Q80 : Do you have any comments on cash collateral reinvestment, and do you agree with the scope?

<ESMA_QUESTION_RSFTTR_80>

Paragraphs 381 & 382 suggest that cash collateral reinvestment reporting applies only to cash raised through agent lending programs and that cash collateral used for other purposes (not reinvested) and cash collateral from other SFTs is not in scope. Please could ESMA confirm that State Street's understanding is correct?

<ESMA_QUESTION_RSFTTR_80>

Q81 : Do you agree with the proposed approach for reporting reuse, reinvestment and funding sources? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_81>

Firms are limited to using one reinvestment rate for all currencies. In the absence of this field being repeatable by currency the one rate provided will have to be a blended rate across all currencies and will provide limited value to the recipient.

Collateral reinvestment takes place same day and should be reported same day, therefore future event dates for cash collateral reinvestment as per the examples (Table 108-113) are not realistic.

Please could ESMA clarify how firms should report collateral re-use by ISIN in situations where the re-use is reduced to zero? Should no report be sent or should a report with zero be sent followed by no subsequent reporting until re-use in that particular ISIN takes place again?

<ESMA_QUESTION_RSFTTR_81>

Q82 : What other aspects need to be considered with regards to the aforementioned approach with regards to treatment of rejection feedback? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_82>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_RSFTTR_82>

Q83 : What other aspects need to be considered with regards to the aforementioned approach with regards to treatment of reconciliation feedback? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_83>

Paragraph 392 implies that an entity can fail authentication and that no specific feedback will be provided. In the absence of specific feedback how will an entity know that it is has failed authentication?

<ESMA_QUESTION_RSFTTR_83>

Q84 : What other aspects need to be considered to make the process more efficient? Please elaborate on the reasons for your response?

<ESMA_QUESTION_RSFTTR_84>

No comment – TRs to respond.

<ESMA_QUESTION_RSFTTR_84>

Q85 : Do you have any comments on the aforementioned practicalities relating to the provision of access to SFT data to authorities? What other aspects need to be considered to make the process more efficient? Please elaborate on the reasons for your response?

<ESMA_QUESTION_RSFTTR_85>

No comment – TRs to respond.

<ESMA_QUESTION_RSFTTR_85>